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FEDERAL COMMUNICATIONS COMMISSION
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September 1, 1995

Hand Delivery

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Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW - Room 222
Washington, DC 20554

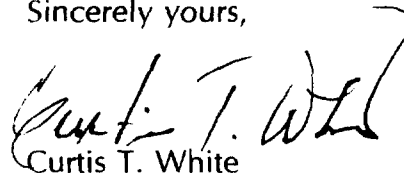
Re: RM 8653 and RM 8648 / 5 GHz Proposal
Unlicensed Band Proposal of Apple Computer, Inc.

Dear Mr. Caton:

Attached hereto are an original and four copies of the Informal Comments of Marshall Heights Community Development Organization, which are to be filed in the above-captioned matters.

Kindly contact the undersigned should you have questions.

Sincerely yours,


Curtis T. White

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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SEP - 5 1995

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)

Allocation of Spectrum In The 5 GHz Band)
To Establish A Wireless Component Of The)
National Information Infrastructure)

RM-8653

In the Matter of)

Petition For Rulemaking To Allocate The)
5.1 - 5.35 GHz Band And Adopt Service)
Rules For A Shared Unlicensed Personal)
Radio Network)

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RM-8648

**INFORMAL COMMENTS OF
MARSHALL HEIGHTS COMMUNITY DEVELOPMENT ORGANIZATION, INC.**

Marshall Heights Community Development Organization (alternatively "MHCDO" and "Marshall Heights"), through counsel, hereby submits its Informal Comments in the above-captioned proceedings.

I. Introduction and MHCDO's Interest in the Proceedings

MHCDO is a community-based, community development corporation (CDC) -- one of more than 1,200 nationwide. Established in 1978, Marshall Heights has recorded and extensive experience in economic development projects, as well as community revitalization programs in economically distressed areas. It is located in the Ward 7 Area of the District of Columbia, an area with, among others, the second lowest median household income in the city and a correspondingly high rate of unemployment.¹

¹ The Ward 7 Area has experienced a significant decline in population over the last two census periods (more than 30%), with middle income households comprising the largest percentage of lost households during such period. (*See Ward 7 Profile*, Attachment A)

Marshall Heights has long believed in the fundamental principle that revitalization of inner-city area is not only possible, but necessary for the continued advancement of this country and its citizens. This basic tenet -- its "holistic" approach for facilitating community reinvestment -- is reflected in the following operational objectives:

1. Create new and more diverse economic opportunities for both community residents and area businesses;
2. Ensure access for all residents to affordable housing; and
3. Expand linkages with private sector organizations which promote infrastructure development and aid in overcoming barriers to self-sufficiency.

Because of its vision and commitment, as well as the support of the community and its MHCDO has been able to achieve various milestones, including the following:

- Selected as a "designee" under the Internal Revenue Code - one of twenty nationwide - which permits qualified community development organizations (CDCs) to grant tax credits of up to \$2 million for taxpayer contributions.²
- Selected in the first round of NTIA grants for the Telecommunications Information Infrastructure Assistance Program (TIIAP) (FY 1994 funding which funds "LifeSkills", a program designed to, among others, facilitate planning for the 21st Century job market (i.e., computer literacy/interface activities).
- Selected as a grantee - one of five nationwide - for the Annie E. Casey Foundation under its "Rebuilding Communities" Initiative. (This multi-year, multi-million dollar initiative is designed to help transform distressed communities, and has a special emphasis on economic development).³
- Established a multi-million dollar shopping center (through leveraging public-private partnerships) which resulted in the creation of value for the joint venture partners, as well as some 250 new direct jobs in the community. MHCDO continues as a general partner in this project through a for-profit subsidiary.
- The developer and owner of the only Industrial Park in the District, which also a business incubator for small businesses.

² See Attachment B.

³ See Attachment C.

As it pursues its economic development activities, MHCDO also continues its work towards permanent solutions for more fundamental problems in its service area; it also continues to be singled out for its mission-oriented programs in this regard. A sampling evidencing this fact would include the following:

- Awarded a five year, \$3 million grant from the Robert Wood Johnson Foundation to design and implement programs for eradicating drug and alcohol abuse.
- A \$725,000 grant under the Stewart B. McKinney Homeless Prevention Act, under which MHCDO has already established two transitional housing facilities for homeless families.
- The Michaux Senior Center Program which provides activities an educational programs for Ward 7 seniors; employment training for young males under the Black male Employment Training Program; and a Crisis Intervention program which provides emergency food and clothing to residents in crises situations.

In sum, Marshall Heights has shown an ability to create jobs, business opportunities, and value for its partners; it has also shown the ability to effect some aspects of system reform in a troubled inner-city area, one likely mirrored in every mid-size or larger city in this country.

II. There Is An Increase In Information Disconnects As The Information Superhighway Expands

MHCDO recognizes its work (and that of some of other 1200 CDCs nationwide) will be made more difficult as the economy shifts more fully towards the information age, particularly in view of: (i) the acknowledged disparity in resources among more affluent areas and those which are economically distressed; and (ii) the likelihood this disparity will increase as new technologies/systems come on-line and move into the marketplace.⁴

⁴ *See FALLING THROUGH THE NET: Survey of the "Have Nots" in Rural and Urban America*, NTIA (July 1995) (hereinafter "NTIA Report")

Thus, as the U.S. prepares for the "information revolution" - one which will have a profound affect on the political/economic/social landscapes - there is the paradoxical fact that significant portions of the American population are becoming increasingly disconnected from information sources. The NTIA Report notes, among others, the following facts:

- There is a disproportionate number of information "have-nots" found in this country's rural areas and central cities.
- The lowest telephone and computer penetration is in the Northeast central cities, plus central city and rural areas in the South;
- For a given level of education, central city households generally have the lowest telephone and computer penetration rates; and
- Aggregating the data, persons of color, particularly Native Americans, Hispanics and Blacks, are most evident in the categories classified as information "have-nots".⁵

This disparity has direct relevance to Marshall Heights and all other CDCs working to revitalize their urban or rural areas; it is also particularly relevant to the thousands of residents of Ward 7 in the District of Columbia, as well as millions of other persons throughout the country, who reside in areas (both rural and urban) which mirror in many respects some of the problems now facing the Marshall Heights and its Ward 7 Area. Indeed (and ironically), perhaps the greatest concern in this era of ubiquitous information and data sources is the fact that expansion of the information superhighway, on its present course, will likely have the unintended effect of disconnecting (likely permanently) millions of Americans from the national or global communications grid, an event with potentially dire economic, educational and social consequences. This is not inevitable, nor is this probability immune to corrective action.

⁵ *Id.*

III Planning For The Information Highway Must Acknowledge Disparities

It is uncontroverted that central cities and rural areas are the sectors most removed from the information superhighway.⁶ Notwithstanding, low-income users who do have modems are among the most likely users of on-line classes.⁷ Given these facts, and as the information node expands, it appears that the persons most in need of access and training interface capacity/capability (as well as the most likely users of one-line classes) are those who will likely have increasingly less access to information sources. This probable outcome assuredly, and unnecessarily, will enlarge the community of information "have-nots". The NII Band proposed in these proceedings offers some opportunity for corrective action, and one which, if approved by the Commission, offers potential for favorably addressing the growing imbalance in and access to information and/or information sources.

As a developer its business incubator and owner of its Industrial Park, MHCDO is keenly aware of the types of cost-savings which can be realized through the efficient use of spectrum. MHCDO also appreciates the additional facts that (i) such cost savings can be passed on to small business tenants in its business incubator, and (ii) may also create business niche opportunities for the smaller entrepreneur who, undeniably, is barred from most telecom ownership opportunities in this era of license auctions. In sum, the efficient allocation and use of the spectrum, as proposed here, could play a role in moving significant parts of the American public from the category of "just user" over into the more desired category of "user/provider".

⁶ See NTIA Report at 3.

⁷ Id.

IV. The NII Band Fosters Access For Economically Distressed Areas And Small Businesses

MHCDO's special interest in telecommunications and information-based services is related in large part to its proposed establishment of a prototype technology center in its Industrial Park. Through this center, MHCDO seeks to accomplish the following:

- Development of model programs which focus on the creation of new employment opportunities, training and business development, including the categories of:
 - Smart homes
 - Tele-medicine (in conjunction with area teaching hospitals and HMOs)⁸
 - Regional networking for educational, cultural and business matters
 - Developmental Training
 - Access to on-line health information
 - Health and Safety Issues
 - Delivery of various city services (Human Resources/Foster Care)
 - Satellite educational centers with area colleges/universities
- Structuring of mechanisms to promote community empowerment, with special emphasis on social and economic opportunities for inner city residents (including interconnecting communities (neighborhoods/senior citizen centers/shelters) with schools and libraries); developing training platforms, promoting interconnect among and seeking fundamental reform of the public housing concept; and facilitating the use of new technology systems in the area of public safety.

In pursuit of these objectives, MHCDO has undertaken various conversations with, among others, the following categories of institutions/entities:

- Property developers
- Secondary market lenders
- Institutional lenders (regarding expansion of its Industrial site)
- Technical companies
- Manufacturers (regarding licensed manufacturing of parts and/or accessories)
- Educational institutions/Medical insurers-service providers

In all discussions MHCDO has found receptive audiences; in some, prospective partners. Commission adoption of the NII Band would further advance these timely efforts.

⁸ The Ward 7 Area in the District of Columbia has neither an ambulatory care center nor an emergency treatment facility located in its geographical area.

V. The Need To Address The Imbalance To Information Is Now, Not Later

Because many homes find telephone service expensive to afford,⁹ there can be little rational belief that every household in America will soon have some on-line service, or ready access to such services. However, MHCDO believes that public institutions (such as libraries schools and child-education centers (i.e., pre-K educational centers) can promote an earlier than later entry into information based technologies by making systems available at schools, libraries, and community institutions. MHCDO has taken the initiative in this regard in its Ward 7 Area.

Under its LifeSkills program, Marshall Heights is training some sixty (60) residents in computer literacy and general job preparedness. It conducts its formal training programs during the normal workday hours, and computer time during that training period is devoted to the student population. However, even in the earliest stage of operation, MHCDO has begun planning for an expansion of the program for the "non-traditional" student or, put differently, and expansion of the training grid. In doing so, it expects and seeks to: (i) expand its present capabilities; (ii) locate additional terminals (and network interface activities) in other areas of the Ward 7 Area; (iii) convert a part of now a closed school facility into an expanded (and permanent) version of its LifeSkills Program; (iv) establish its technology center in its Industrial Park; and (v) attract additional partners in order to expand the benefits of its LifeSkills Project and, concomitantly, increase access to information (and computer literacy) of Ward 7 residents.

Even with these efforts (and similar efforts around the country), there is little debate that the time for actively seeking to bring communities on line is now, now later -- and for rather obvious reasons:

⁹ E.g., NTIA Report.

1. "Catch-up" in the information-based economy is undeniably difficult, and will become increasingly more so as new technology and/or more sophisticated systems evolve;
2. As overall traffic increases and embedded interests find locations on information nodes (and the information superhighway), it will become more difficult for the low-volume user (particularly those from the lower income sector to find access grids which are not economically prohibitive;
3. The general citizenry should be encouraged to the fullest extent possible to move over onto the communications highway sooner than later, and such encouragement should consider fully the present disparity between income levels and, accordingly, seek to remove economic restraints where it is possible, as here, to do so with de minimis confusion or harm (i.e., consistent with the public interest standard).
4. This proposed allocation does little to disrupt the auctioning of licenses, or attracting additional revenues for the Treasury, as evidenced by the Chairman's recent announcement of new auction schedules (which also includes additional auctionable frequencies:¹⁰
5. The rules and technology can be configured in such a manner to ensure satisfactory zones of operation, both from technical and economic perspectives;
6. Action now will ensure that all sectors of this country have an opportunity to grow in information capability as new technologies and systems naturally evolve and become more sophisticated; and
7. The proposal is an efficient approach for maximizing spectrum utilization while increasing employment and business opportunities for all sectors of the American public.

¹⁰ See Remarks of Chairman Reed E. Hundt, (August 28, 1995)

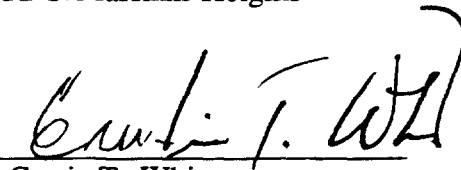
Conclusion

For the foregoing reasons, Marshall Heights urges the Commission to adopt the proposal, and allocate spectrum in the 5 GHz band for a new unlicensed wireless data communications service in an effort to maximize access of all Americans to information and information sources.

Respectfully submitted,

MHCDO/Marshall Heights

By:


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Its Attorney

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September 1, 1995

ATTACHMENT A
(Profile of Ward 7 and Marshall Heights)

PROFILE OF WARD 7, DISTRICT OF COLUMBIA

Ward 7 is located East of the River in the District of Columbia. The 1990 Census placed the population for the area at 69,312, with African Americans comprising some 96% of the population. The 1990 figure shows a reduction of more than 30% from the 1970 census, with middle income households comprising the majority of the lost population.

The median income for the area is \$25,556, which represents 43% of the median income for the area. Ward 7 is also the second poorest Ward Area in the District of Columbia, to wit: 20% of area households are below the poverty line; 11% of residents are eligible for AFDC; almost 12% receive food stamps; 19.9% are eligible for Medicaid; 25% of the population is under 25 years and nearly half of all area children live in single parent households the another 25% living with relatives other their parents. It has highest amount of public housing.

Area schools have a 52% drop-out rate, compared to 40% District-wide; 43% of all juvenile homicides and 33% of all juvenile arrests in the District of Columbia occur in MHCDO's area of operation. Similar to all other demographics, unemployment in Ward 7 is one of the highest in the city and significantly greater than the city-wide average.

Beyond problems areas, however, Ward 7 also has a vision of returning to where it once was, and doing so with marked improvements. The area was not long ago an award winning area of the city, often cited with various awards from both within and outside the city. Combined with Ward 8 (its next door neighbor and the Ward with the lowest median income) the sectors have within their borders more than 1/3 of the land mass of Washington, DC. Although Ward 7 has significant needs, it also offers equally significant opportunities for affecting deep and lasting change. It is to this end Marshall Heights is committed, and it is this primary goal which continues to drive MHCDO's results oriented course.

The Washington Post

WEDNESDAY, MAY 10, 1995

F

Ward 7 Citizen Development Group Draws National Notice



BY ROBERT A. REEDER—THE WASHINGTON POST

Lloyd D. Smith, executive director of the Marshall Heights Community Development Organization, with town houses the group helped get built.

By Vernon Loeb
Washington Post Staff Writer

There are newly built town houses across the street from the Deanwood Metro station. And a Chesapeake Bagel Bakery coming soon to an old bank building on Minnesota Avenue. And a \$9 million face lift planned for the Greenway Apartments just up the street.

It almost sounds like Lake Arbor or Vienna or Bethesda.

But all this development is happening east of the Anacostia River in the District's Ward 7. It is the work of a nonprofit neighborhood development group that has brought the nation's beleaguered capital some positive attention.

The Marshall Heights Community Development Organization was born two decades ago when a small group of citizens—their

neighborhood threatened by middle-class flight to Prince George's County—came together over such issues as clogged storm drains and cracked sidewalks.

Now major national foundations beat a path to its door, giving the group millions of dollars for cutting-edge social programs aimed at fighting drugs and protecting children.

Although one of its sister nonprofit groups, the East of the River Community Development Corp., has been mired in controversy in neighboring Ward 8, Marshall Heights is a national model for the community development movement, having built almost 100 homes, spurred commercial development and created hope in what is still a struggling community.

See MARSHALL, A18, Col. 4

Group Sets Standard for Community Action

MARSHALL, From A1

"Marshall Heights really is the best community development organization in the city and possibly one of the best, if not the best, in the country," said D.C. Council member Kevin P. Chavous (D-Ward 7). "They have a business and corporate approach with respect to economic development. They are grounded in the community, and they keep what is best for the community out in front."

Paul S. Jellinek, a vice president of the Robert Wood Johnson Foundation, which has funded a Marshall Heights anti-drug program, went further in an interview last week. He

said Marshall Heights is on "the cutting edge of a trend" in which community developers are moving beyond the bricks and mortar of low-income housing to tackle the thorniest social issues of our time.

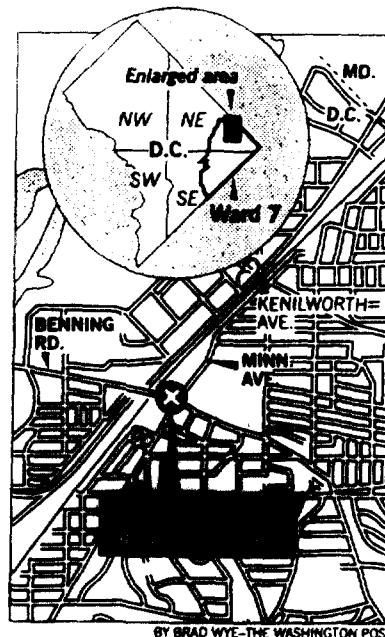
Indeed, Marshall Heights' reputation for community-based development is so high that the General Accounting Office picked it as one of four groups to study nationally before reporting in February on community development issues to the House Committee on Government Reform and Oversight.

Community development corporations (CDCs) have been around since the Community Development Block

Grant program was enacted in 1974, picking up the pieces left behind by Great Society programs of the 1960s that helped expose the limitations of the community development strategies of the federal government.

Today, the best CDCs work together with local government and private groups, typically playing a lead role in determining how best to fight urban blight in their communities. They renovate abandoned housing, attract investment for sagging commercial districts and—as Jellinek noted—are becoming more and more involved in running social pro-

See MARSHALL, A19, Col 1



Nonprofit Development Group Draws National Attention for Ward 7 Successes

MARSHALL, From A18

grams to fight drugs, AIDS, illiteracy, unemployment and teen pregnancy.

"Community development corporations," according to Paul Grogan, president of the Local Initiatives Support Corp. (LISC), "are successfully filling the void left by suburban flight, corporate disinvestment and federal spending and program cuts." LISC is a nonprofit fund established by the Ford Foundation that has made \$1.7 billion available for community development nationwide since 1980.

Marshall Heights started out in 1978 with a staff of two. It now has 56 employees and a \$4.5 million budget funded largely by government and foundation grants, although its various real estate endeavors produce about \$400,000 a year in income.

Chief among them is the East River Park Shopping Center at Benning Road and Minnesota Avenue NE, the group's signature project and a classic example of how effective CDCs can leave their mark on a community.

Lloyd D. Smith, the group's executive director and driving force for the last 15 years, loves to tell of how he took the first \$25,000 venture-capital grant Marshall Heights received from the D.C. government and leveraged it to buy what was then a failing shopping center for \$2.4 million.

He persuaded private investors to come in, packaged their money with loans he obtained from a private foundation and the D.C. government and then managed a \$600,000 renovation project. Today, East River Park is worth \$10 million and has lured a major Safeway store, a Citibank branch and a McDonald's to "downtown" Ward 7.

Later this year, the Chesapeake Bagel Bakery—the first in the chain east of the river—will open, with Marshall Heights holding some of its stock as part of an innovative stock option plan for employees from the neighborhood.

Smith, 62, a dapper man with thinning white hair and a neatly trimmed beard and mustache, retired in 1980 as deputy director of the District's office of planning, well versed in a myriad of economic development studies that had been done over the years on Ward 7.

"Guess what?" Smith asked in a recent interview. "Nothing happened. Because nobody took the first

step." The first step was his—and now the organization he has built is galloping along.

"There's only one mission—improve this community," said Richard A. Hamilton, a retired police detective who has headed the group's board since its earliest days. "Lloyd and I don't want to be anywhere but here. We're not running for the school board or anywhere else. And when there's no hidden agendas, you can accomplish anything."

Everyone familiar with Marshall Heights' success story agrees that it flows from the group's deep ties to the community.

Unlike the East of the River Community Development Corp.—dominated by the Ward 8 politicians who sit on its board—Marshall Heights has avoided political entanglements. It has a 69-member board that meets monthly, with 23 at-large board members elected by the community and other seats reserved for representatives of local churches, businesses, civic associations, advisory neighborhood commissions and public housing developments.

"We don't have the vanity board that so many other CDCs have—we have the community coming together," said Loretta Tate, a Marshall Heights vice president who runs the anti-drug program funded by a \$3 million grant from the Robert Wood Johnson Foundation.

The program is aimed at weaving strands of the community—churches, schools, civic groups, government agencies, the police department—into a blanket strong and thick enough to smother the spread of drugs.

And after a gunman fired 10 to 20 shots at a crowded Ward 7 swimming pool two years ago, wounding six children, Tate ably demonstrated the strength of that concept and the depth of Marshall Heights' community roots. She organized a march of 200 community members down Benning Road to the Benning Park Recreation Center, where they staged a symbolic "swim-in" to take back the pool.

Tate would be the first to acknowledge that Ward 7 is a contradictory place. It has more public housing units—2,767—than any other ward in the city, and one in five Ward 7 households lives below the poverty line.

But the ward also is home to scores of judges and other top city officials who live in large brick colo-

nials on tree-shaded streets that could easily be in parts of Chevy Chase or Falls Church.

Not surprisingly, the ward's most blighted areas include long-neglected public housing developments, some of which are almost abandoned.

The Eastgate development stands as a nightmarish symbol of public policy failure, an entire neighborhood abandoned by all but a few residents who refuse to throw in the towel. On one building in the gutted complex, members of the local drug gang, the Eastgate Crew, have spray-painted a fitting description: "Gates of Hell."

"I'm showing you what our government has done with our money," said Greg Rhett, one of Marshall Heights' community organizers. "You can draw your own conclusions."

And yet, three blocks away, Rhett sounded more like a real estate agent selling a would-be buyer on the neighborhood. "Look at this," Rhett said, driving along a block of well-kept houses on Alabama Avenue. "Look at the houses. Look at the cars. Who wouldn't want to live here?"

Thus, there is plenty of potential in Ward 7 for Marshall Heights to work with, just as there are plenty of social problems to struggle against.

Its plate is incredibly full. It is selling off the town houses it developed across from the Deanwood Metro station. It's helping develop the Chesapeake Bagel Bakery and working with the real estate developer Edmondson & Gallagher of McLean to renovate the Greenway Apartments.

Remember when Queen Elizabeth II of England visited Ward 7 four years ago and got a protocol-busting hug from resident Alice Frazier? Well, the Marshall Heights Community Development Organization deserves some credit for that heartfelt gesture that warmed the world.

The street where Frazier hugged the queen, Drake Place SE, was a violent drug zone before Marshall Heights arrived, bought a piece of ground, built four houses and helped take back the neighborhood.

Frazier bought one of those houses. And now they call the street where she lives by a new name: "Queen's Stroll."

Commitment and Vision Sustain Marshall Heights

Partners Laud Organization's Efficiency

By Vernon Loeb
Washington Post Staff Writer

When the Annie E. Casey Foundation began an ambitious effort to help rebuild the social and economic fabric of poor communities two years ago, its staff went looking for partners among the 100 best community organizations in the United States.

The Marshall Heights Community Development Organization was one of five groups it awarded grants. Each of the groups could get more than \$3 million.

Why was Marshall Heights chosen? Leadership and vision at the top and competence and commitment throughout the organization, said Douglas W. Nelson, the foundation's executive director.

"Almost anybody you meet there is a good communicator about the mission of the organization," Nelson said, "and seems genuinely committed to the neighborhood."

The group has enough in-house expertise to play several roles: developer, general contractor, construction manager, social service provider, community planner, neighborhood liaison.

At the Deanwood Station condominiums, Marshall Heights bought the land and developed the units. At a 58-unit single-room-occupancy development now under construction, the

agency is owner, developer and project manager. And for the \$9 million renovation of Greenway Apartments, Marshall Heights is a partner in the deal, responsible for community relations and tenant relocation.

Thomas P. Gallagher, president of Edmonston & Gallagher, a McLean redeveloper of residential real estate, said Marshall Heights is one of the primary reasons his firm is working at Greenway.

"These folks are real pros," Gallagher said. "They have a vision, which involves keeping in the Marshall Heights community what's good, and trying to reintroduce people who have moved away and trying to create some economic integration and economic opportunity."

Larry Johnson, director of public affairs for Safeway Inc., Marshall Heights' major tenant at East River Park Shopping Center, said the group's "professionalism and manner of handling things is as efficient as any landlord we work with—in fact they're better than some."

When Safeway moved into East River Park in 1988, Johnson said, Marshall Heights even helped the company screen prospective employees from the community, something most commercial landlords couldn't do.

And with those employees, Johnson said, "we've had real success."

In Marshall Heights, Bagels Come "Wrapped in Optimism"

Model Financing Package Helps Fund Chesapeake's Start-Up

By Yvonne Chiu

Washington Post Staff Writer

The opening of yet another Chesapeake Bagel Bakery store ordinarily would not make news for the McLean-based company, which has launched an aggressive expansion campaign nationally and in the Washington area.

But the new store in Marshall Heights in Northeast Washington, which opened June 29, is different. It is the first venture east of the Anacostia River for Chesapeake, which so far has sold franchises mostly in the suburbs and the more affluent areas of the District. And the company has structured the deal so that some Marshall Heights' residents will get the chance to reap the potentially lucrative financial benefits of the franchise that they might not otherwise have been able to afford.

Alan Manstorf, Chesapeake's president, said he hopes the new franchise will become a "model for underserved communities."

Chesapeake has seven franchises in the District, most of them along Connecticut and Wisconsin avenues. The company also has 23 stores in Virginia and 13 in suburban Maryland. Thirty-two additional stores are spread out across the rest of the country. Ten to 15 Chesapeake franchises open each month, said Whitney Myrus, a development manager at Chesapeake.

Chesapeake isn't alone in beginning to explore less-traditional markets for its growth. Other franchisers that traditionally have stuck to the suburbs and more affluent city locations are slowly looking more at the inner city as they seek to expand beyond traditional markets, which already are stuffed with fast-food outlets.

Franchisers also are becoming conscious of their image. Mark Siebert, executive vice president of Francorp, a franchise consulting firm in Illinois, said many of today's franchisers are "concerned with being perceived as representative of the minority community and helping the minority community," and that worry has sparked revitalizing efforts in under-served neighborhoods.

In 1994, Bankers Trust Co. brought together national franchises, community development corporations and other financial institutions to launch the Neighborhood Franchise Project with the hopes of creating franchise operations structured similarly to Chesapeake's. The project expects to come up with a method of financing such deals by the end of the year.

Susan P. Kezios, president of the American Franchise Association, said that although Chesapeake's approach isn't new, its example still is laudable. She said companies in the past have announced intentions to open stores structured like Chesapeake's that give residents a stake in the business, but they never follow through with the financing.

"These kinds of organizations are often slow to act. . . . But Chesapeake's sounds like a great first step, and if it works, it could be a model," Kezios said.

On the outside, the new Chesapeake Bagel Bakery, on Minnesota Avenue in the East River Park shopping center, still resembles the bank that once occupied the building. The night deposit box still is visible and the former drive-through teller window has become the place where motorists can buy fresh bagels, sandwiches, coffee and other fare.

Caple and Shirley Green, with a 57 percent stake in the store, are the majority owners. It is their first plunge into franchise ownership. Caple Green has managed various McDonald's in the District for the past decade.

The Greens share ownership of the store with East River Park Inc., a subsidiary of the Marshall Heights Community Development Organization. The nonprofit neighborhood group has been active in attracting new businesses to the community, such as NationsBank and Citibank branches, a McDonald's restaurant and a new Safeway store. The portion of the store that eventually will be owned by some of its employees is being held in trust.

In structuring the deal, Chesapeake waived its usual franchise fee of \$22,500. The Greens and East River Park Inc. raised the \$300,000 needed to renovate, stock and furnish the store.

The Greens financed their share—\$57,000—through savings, bank loans and money borrowed from friends and family. East River Park Inc. kicked in \$9,000 in cash and borrowed \$34,000 from the National Co-op Bank Development Corp. to buy the employees' share of the store. It borrowed the remaining \$200,000 from Signet Bank as small-business loan.

Since opening, Caple Green has hired 26 workers. In three months, he will select 10 to 12 of them to participate in the profit-sharing program based on their performance at work.

Each of these employees will be able to buy a 1 percent to 5 percent share in the bagel store. The money will be deducted from his or her paycheck. East River Park Inc. will match each employee's contribution, so that for every 1 percent an employee purchases, he will receive an additional 1 percent for free from East River Park.

Chesapeake's founder Manstof said he is optimistic about prospects for the Marshall Heights store. He predicted it will "probably be one of the better run and more successful stores."

On one recent humid afternoon, Sgt. Toni Cooper, a police officer who patrols the area from the 6th District station in Marshall Heights, arrived at the store for her first visit to buy coffee and a bagel with cream cheese.

"I think it's great," she said. "We need something out here—any thing."



WASHINGTON BUSINESS/JULY 10, 1995

3 of 3



PHOTOS BY MARGARET THOMAS—THE WASHINGTON POST

apple Green offers free bagels at the June 29 opening of his Chesapeake Bagel Bakery franchise. Dorothy Davis, below, samples the fare.

The Pathfinders

The LifeSkills project is a consortium of partnerships and an array of funding sources. However, the following principal partners have combined efforts to examine the problems of yesterday to design today the solutions of tomorrow:

District of Columbia Chamber of Commerce

Macro International, Inc.

Strategies Committee for the Prevention of Chronic Poverty

District of Columbia Private Industry Council

Bell Atlantic

District of Columbia Department of Employment Services

Project Accord

Looking to the Future

The innovation and scope of the LifeSkills project has generated much attention from local and national agencies. The current Demonstration Project will graduate 32 clients in January, 1996 and 32 more in July, 1996. Ongoing financial assistance and job resources are vital to the success of this cutting edge program.

For more information about the LifeSkills project and how you can get involved, call Elaine C. Mosby, Project Director at (202) 396-4846.

LifeSkills Development Network

***... Replacing Dependence with
Direction***

MHCDO/LifeSkills Development Network
4051A Minnesota Ave., NE
Washington, D.C. 20019
Phone: (202)396-4846 Fax: (202)396-6347

4051A Minnesota Ave., NE
Washington, D.C. 20019

Putting People in Jobs Putting D.C. on the Highway

Metropolitan Heights Community Development Organization (MHCDO), one of the premier community development organizations in the United States, is the recipient of grant funding from the U.S. Department of Commerce to test the effectiveness of a telecommunications network among health and human service providers called the LifeSkills Development Network.

LifeSkills, a network of professionals assembled from various disciplines across the city, coach, train and place clients in career track jobs with use of state-of-the-art technology. These professionals communicate via multi-media Community Services Workstations. The workstations allow voice, data and video networking across Integrated Services Digital Network (ISDN) lines. Client "profiles" can be accessed and updated with no delays and no movement of paperwork. A host of resources are at their fingertips through the information superhighway.

The integrated services approach to LifeSkills creates a virtual system of "one-stop-shopping" which leads to comprehensive service delivery. These professionals are committed to moving clients from social dependency to a path of economic self-sufficiency using the following methodology:

- **Team One: Stabilization** - social workers, counselor, educators, employers arrange child care, social services, transportation & stipends for clients.
- **Team Two: Training** - training experts create clients leave with technical skills and vital workplace competencies. Leading employers are brought in to develop specific curriculums which emphasize the importance of image, attitude & skills required in the

professional world of work.

- **Team Three - Job Development & Placement** - employment specialists get advance employment commitments from D.C. businesses for LifeSkills graduates, which allows a personal match-up and lets the LifeSkills project train the client on the employer's specific needs.

Creating Edge Training



- LifeSkills clients receive 24 weeks of extensive Health, workplace competencies, and high-tech (WordPerfect 6.1, Microsoft Word 6.0, Lotus 1-2-3 Release 5, Excel 5.0, Paradox 5.0 & Access 2.0) training by leading educational trainers.

- Conducted in an office environment with emphasis on job readiness (image) & behavior modification (attitude), LifeSkills clients are thoroughly prepared for the world of work of the information age.

- Clients achieve proficiencies in basic skills training, technology, and employer's specific requirements prior to workforce placement.

The Benefits

Employers benefit from:

- Reduced training costs
- A solid source of motivated employees trained in workplace competencies which include Image, Attitude & Skills
- Employees knowledgeable of Windows and DOS software applications
- Placement checks to ensure satisfaction

Service Providers benefit from:

- Interdisciplinary and interagency collaboration
- Seamless "one-stop-shopping" health & human services network, sharing data and resources
- Telecommunications tools for interacting across disciplines, agency boundaries & across the world

Clients benefit from:

- Improved service delivery
- Real-world instruction to create genuine job readiness and marketability
- Placement on a career path, not just a job

The professional staff benefit from the grant by a great deal. The grant provides them with the opportunity to work with a great deal of the state-of-the-art technology and equipment. The grant also provides them with the opportunity to work with a great deal of the state-of-the-art technology and equipment. The grant also provides them with the opportunity to work with a great deal of the state-of-the-art technology and equipment.

ATTACHMENT B

(HUD Tax Designation Under Section 38 of the Internal Revenue Code)



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-7000

OFFICE OF THE ASSISTANT SECRETARY FOR
COMMUNITY PLANNING AND DEVELOPMENT

July 18, 1994

Mr. Lloyd D. Smith
Executive Director
Marshall Heights Community
Development Organization, Inc.
3917 Minnesota Avenue, N.E.
Washington, D.C. 20019

Dear Mr. Smith:

I am pleased to inform you that Marshall Heights Community Development Organization, Inc. has been selected in accordance with Section 13311 of Title XIII, Chapter I, Subchapter C, Part II of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103-66) as one of twenty designated Community Development Corporations (CDCs). As a designated CDC your organization may accept cash contributions from tax-paying entities that in turn may receive a five percent tax credit for their qualified contributions. The total amount of contributions received and designated by a CDC is \$2,000,000 and must be received within the five years immediately following the date of this notification.

The aforementioned Law and the Notice published by the U.S. Department of Housing and Urban Development (HUD) in the Federal Register on March 22, 1994 set forth the requirements prescribing the use of qualified contributions and the operational area in which eligible activities and programs may be undertaken.

It is suggested that if you have any questions regarding the qualifications of cash contributions you confer with the Office of the Chief Counsel, Branch 5, of the U.S. Internal Revenue Service or legal counsel qualified to give tax advice.

The operational area you designated in your application will be the prescribed area in which Marshall Heights Community Development Organization, Inc.'s programs and activities must be undertaken. If any of the census tracts or block numbering areas within that prescribed area do not meet the income limits of eighty percent (80%) of the median family income of the local jurisdiction in which your operational area is located those census tracts or blocks will be considered ineligible and no contributions can be used nor any programs and activities you proposed in your Application to HUD be undertaken in those tracts or numbering blocks. The median family income for census tracts, block numbering areas and local jurisdictions is based on the 1990 decennial census.

If any part of your prescribed operational area includes a census tract that is located in a central business district as described in the 1982 Census of Retail Trade, RC82-C-5, Major Retail Centers in Standard Metropolitan Statistical Areas, that census tract must have a level of poverty of not less than 35 percent of the population or it must be excluded from the operational area. State Data Centers should have information on current designation of most recent Central Business Districts.

In your Application you agreed to submit a progress report no later than December 31 of each calendar year for the ten (10) years following the date of your designation, and you agreed to any review that HUD may deem necessary. The first progress report will be due no later than December 31, 1994.

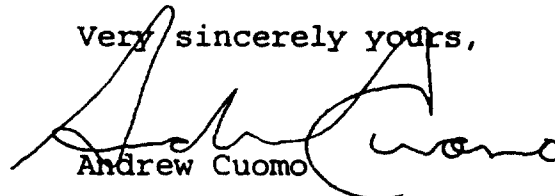
Those progress reports should include, in detail, all of the programs and activities undertaken with designated contributions, the census tracts within which they took place, the dollar amounts of contributions spent, the number of jobs and/or businesses generated during that time period, and other public and private participating parties including their roles and contributions.

In the event of any non-compliance with a HUD inquiry, HUD reserves the right to revoke a CDC's special designation at any time. Those annual reports should be addressed to the following Office:

The Office of Economic Development
U.S. Department of HUD
Room 7136
Washington, D.C. 20410

Again, congratulations on your designation. If you have any questions on this designation or the reporting process, don't hesitate to call Roy Priest, Director, Office of Economic Development or Donner Buchet, Director, Community and Economic Development Services Division at (202) 708-2290.

Very sincerely yours,



Andrew Cuomo

Part III. Administrative, Procedural, and Miscellaneous

CDC Notice

Notice 94-102

Section 13311 of the Revenue Reconciliation Act of 1993 (RRA 1993), Pub. L. No. 103-66, 107 Stat. 416, 556, provides a business credit under § 38 of the Internal Revenue Code for certain contributions made by a taxpayer to a community development corporation (CDC). A CDC is any corporation (1) described in § 501(c)(3) and exempt from tax under § 501(a), (2) the principal purposes of which include promoting employment of, and business opportunities for, low-income individuals who are residents of the operational area of the CDC, and (3) which is selected by the Secretary of Housing and Urban Development before July 1, 1994.

On June 30, 1994, the Secretary of Housing and Urban Development released the names of 20 CDCs that are eligible to receive contributions under § 13311 of RRA 1993. This notice publishes the names and addresses of the eligible CDCs.

ELIGIBLE CDCs

1. Grasp Enterprises, Inc.
55 Marietta Street, NW
Suite 2000
Atlanta, Georgia 30303
2. Southeast Development, Inc.
10 South Wolfe Street
Baltimore, Maryland 21231
3. Urban Edge Housing Corporation
2010 Columbus Avenue
Boston, Massachusetts 02119
4. Bethel New Life, Inc.
367 North Karlov
Chicago, Illinois 60624
5. Hough Area Partners In Progress
8610 Hough Avenue
Cleveland, Ohio 44106
6. The Southern Dallas Development Corporation
1402 Corinth Street
Dallas, Texas 75215
7. Marshall Heights Community Development Organization, Inc.
3917 Minnesota Avenue, N.E.,
Second Floor
Washington, DC 20019
8. New Economics For Women
379 South Loma Drive,
Suite One
Los Angeles, California 90017
9. Free The Children, Inc.
1192 Peabody
Memphis, Tennessee 38104
10. Taculky Economic Development Corporation, Inc.
645 N.W. 62nd Street, Suite 300
Miami, Florida 33150
11. Bedford Stuyvesant Restoration Corporation
1368 Fulton Street
Brooklyn, New York 11216
12. New Community Corporation
233 West Market Street
Newark, New Jersey 07103
13. El Pajaro Community Development Corporation

318 Main Street, Suite 208
Watsonville, California 95076

14. Kentucky Highlands Community Development Corporation
Post Office Box 1738
London, Kentucky 40743
15. Coastal Enterprises, Inc.
Post Office Box 268
Wiscasset, Maine 04578
16. Delta Foundation
819 Main Street
Greenville, Mississippi 38701
17. Chautauqua Opportunities Inc.
188 South Erie Street
Post Office Box B
Mayville, New York 14757
18. Northern Cambria Community Development Corporation
Post Office Box 174
Barnesboro, Pennsylvania 15714
19. National Rural Development & Finance Corporation
711 Navarro Street
Suite 350
San Antonio, Texas 78205
20. Virginia Mountain Housing, Inc.
930 Cambria Street, N.E.
Christiansburg, Virginia 24073

The principal author of this notice is Christopher J. Wilson of the Office of Assistant Chief Counsel (Pass-throughs and Special Industries). For further information regarding this notice contact Mr. Wilson on (202) 622-3040 (not a toll-free call).

26 CFR 601.602: Tax forms and instructions. (Also Part I, Sections 1, 32, 63, 68, 132, 135, 151, 170, 513, 4001, 4003, 6012, 6013; 1.1-1, 1.32-2, 1.63-1, 1.151-4, 1.170-1, 1.6012-1, 1.6013-1.)

Rev. Proc. 94-72

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